

MAR 30 1987

Realty Stock Review

March 27, 1987 (Priced Mar. 24)

VOL. XVIII, NO. 6

MARKET STRATEGY: BUILDER ACQUISITIONS CREATE NEW LIST OF FAVORITES AFTER RUNUP

Major homebuilders are the year's hottest stock group this far into 1987 and our survey finds two compelling reasons:

1. The industry is rapidly consolidating with several major acquisitions and mergers creating new giants. Vaulting into top ranks are NVHomes with its Nov. tender for control of **Ryan Homes**; Lennar Corp. with its Dec. acquisition of **Development Corp. of America**; and M.D.C. Holdings with its acquisition a year ago of **Wood Bros. Homes** and **Ponderosa Homes** of Los Angeles in Aug. Less widely noticed but still significant is **Ryland Group's** entry into California with Dec. acquisition of **M.J. Brock Co.**

2. Hot local housing markets, especially in the Northeast, which are producing strong sales and earnings gains for regional builders such as **Toll Brothers Inc.**, **Hovnanian Enterprises** and **Kaufman & Broad Homes Corp.**, a major in California.

These recent consolidations mean that eight of the 12 builders in our major homebuilder group (Group 5) are either delivering over 5,000 homes yearly or exceeding \$500 mil. sales, important benchmark levels. **Kaufman & Broad Home** and **Gemcraft**, each with over 4,000

1986 closings and on fast growth tracks, are moving into this class.

Bigness may be a mixed blessing to homebuilders. While some economies of scale become possible in purchasing and marketing, administrative complexity is increased and some builders have stumbled in high-volumeland. Brief reviews of some majors begin Page 3. Here is our tally of these majors with pro forma results including recent acquisitions:

Major Homebuilders					
Company/Yr.to	DU	% Chg.	-Delivered-	-Backlog-	Sales
				DU	Mil.\$
				%Chg.	
Centex/Dec.....	6,088	+ 2%	1,420	0%	\$604A
Gen. Homes-Sept.	5,407	+20	875	-34	474A
Lennar/Nov.....	2,978	+13	1,245	+11	221A
Pro forma DCA..	4,590	- 7	2,222	+10	325P
MDC Hldg/Dec....	5,081	+114	1,609	+197	706A
NVHomes/Dec.....	1,039	+36	419	+114	179A
Pro forma Ryan.	8,729	+ 5	3,365	+17	809P
Pulte Hm./Dec....	9,283	- 3	1,614	+11	837A
Ryland/Dec.....	8,346	+31	3,244	+15	666A
Pro forma Brck.	8,796	NA	3,604	NA	743P
U.S. Home/Dec....	8,393	- 5	1,840	- 5	767A
PRO FORMA TOT.	55,917	+10%	16,189	+12	\$5,265
Other Homebuilders					
Calton/Nov.....	1,248	+26%	301	-43%	\$148A
Contl.Homes/...	1,221	NA	378	+47	107A
Emerald/Sept...	634	NA	256	+ 6	78A
Gemcraft/Dec...	4,453	+32	875	0	360A
Gen.Dev./Dec...	1,502	-14	NA	NA	389A
Hovnanian/Nov..	1,937a	+13	2,112	+ 9	a175A
K&B Homes/Nov..	4,327	+31	1,009	+22	491A
Oriole/Dec.....	1,076	+25	509	+38	91A
Std.Pac./Dec...	1,697	+ 1	529	+ 6	311A
Toll Bros/Oct..	802	+48	378	+ 9	127A
Union Val/Dec..	646	+12	702	+88	70A
Writer/Dec.....	443	- 8	150	+44	64A
A-Actual		P-Pro forma		a-9 mon. to Nov.	

DEPARTMENTS INSIDE		Comparative Statistics...6-8	
Portfolio Selector.....	2	Group Action Summary.....	8
Portfolio changes.....	2	REVIEWS & COMMENTS	
Appraised Asset Values..	5	Lennar Corp.....	3
RSR Stock Rankings.....	8	NVHomes L.P.....	4
		Pulte Home Corp.....	5
		Ryland Group Inc.....	4

Please Note: We've added an index of RSR review dates into our computerized stock tables and changed format for indicating EPS and dividend changes; see p.7-8.

KENNETH D. CAMPBELL, PRESIDENT/FAYE KREISMAN, STATISTICS/AUDIT INVESTMENTS, INC., 136 SUMMIT AVENUE, MONTVALE, NJ 07645

REALTY STOCK REVIEW is published by Audit Investments, Inc., an independent advisor registered with the Securities and Exchange Commission under the Investment Adviser's Act of 1940. Under no circumstances is anything contained herein to be construed as an offer to purchase or a solicitation to sell any security mentioned. Information has been obtained from sources believed to be reliable and reasonable care has been exercised in compilation, but accuracy or completeness cannot be guaranteed. Expressions of opinion are solely the responsibility of the publisher and may be changed at any time without notice. Periodical advisory services are mailed to reach subscribers no later than the Monday following publication date; Audit's officers, employees and printers are not permitted to trade upon any recommendation until the Tuesday following. Investment management clients of Audit may be effecting transactions in securities at any time. Audit will not assign subscriptions without your consent and unused portion refunded upon request. Copyright © 1987 by Audit Investments, Inc., 136 Summit Avenue, Montvale, New Jersey 07645. May not be reproduced or photographed in any form without written permission. Additional copies available at group rates.

PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS; SUBSCRIPTION \$264 ANNUALLY/GROUP RATES ON REQUEST

PORTFOLIO SELECTOR: STOCKS SUITABLE FOR SHAPING HOLDINGS TO YOUR PORTFOLIO GOALS

We list below stocks we believe are currently usable in your portfolio, whatever your specific investment goals. Purchases (or sales) should be made at or near prices obtaining on the publication date, but we are not listing specific buy (or sell) points, so as to avoid conflict with money management clients.

The broad variety of securities included in RSR lets you target your holdings to your investment appetite, from very conservative to very aggressive; from high income to zero income; and from geographic regions and property types you desire. We've listed securities under a number of headings (a security may appear in more than one list) that could fit into any one of several possible investment strategies in today's investment climate. Changes this month are:

--**IRT Property Co.** is added to the Shopping Center category; it had been in South/Southwest.

--**Oriole Homes** is added to the Builder/Developer group and will be reviewed next issue.

Comments and brief reviews on other portfolio stocks:

--**HRE Properties** cut payout 13% to 45c (\$1.80 annual rate), citing repayment of a high-yielding mortgage loan and need to bring cash payout to a more sustainable basis. Stock dropped by about the same percentage. While we're disappointed and think HRE may have over-reacted, we're continuing to hold shares and see more recovery potential from this level. Two other REITs cut payout: **MONEY Real Estate** (not included in Selector) cut by 18% to 76¢ annual rate, and **One Liberty Properties** (Leasebacks) said it intended to distribute not less than \$1.32/sh. in 1987 (33¢ qtr.), v. \$1.72 in 1986. It cited difficulty in investing \$10 mil. proceeds from a recent offering at targeted yields in net lease properties.

--The flip side: Six REITs (five are Selector stocks) boosted quarterly payouts to these annualized rates: **BRT Realty**, by 19% to \$2.00; **Perini Inv. Prop.**, by 25% to 60¢; **REIT of Calif.**, by 3% to \$1.32; **United Dominion Rlty.**, by 4% to \$1.00; **Weingarten Realty**, by 3% to \$1.60; **Wedgestone Rlty.**, by 8% to \$1.68.

--**Chicago Dock & Canal Trust** ran up 18% the past two weeks on news it has granted options for two leases: on two acres to Tishman Realty & Constr. for a major 1,200-room convention hotel, and to Daniel Levin on 2.5 acres for three apartment buildings with 1,000 DU in its

PORTFOLIO SELECTOR LIST OF REALTY STOCKS FOR CURRENT INVESTMENT

OWNERS BY REGION

Northeast
Federal Rl.(2/28/6)
Gould LP (1/9/7)
New Plan Rlty(12/5/6)
Penn. REIT (12/5/6)
Presidential Rl.(10/24/6)
Prudential Rl.(9/13/5)
Rockefeller Ctr(4/11/6)
Washington REIT(4/25/6)
Midwest
Bradley RET(11/21/6)
Chicago Dock(10/24/6)
Duke Rlty. (2/28/6)
EQK Realty (8/22/6)
Forest City En.(7/11/6)
MSA Realty (3/14/6)
South/Southwest
*IRT Prop.Co.(3/13/7)
Koger Co.(5/9 & 12/19/6)
Prop.Tr.Amer.(10/10/6)
Sizer Inv.(2/27/7)
Trammell Crow(12/19/6)
United Dom.Rl.(10/10/6)
Weingarten Rl(12/19/6)

Far West

BankAmer.Rlty(11/7/6)
Copley Props.(7/26/5)
REIT of Calif.(3/28/6)
Santa Anita Rl.(4/25/6)
Western Inv.Tr.(3/28/6)

DIVERSIFIED PROPS.

Bay Fincl.(9/12/6)
*First Union RE(3/13/7)
*HRE Props.(3/13/7)
*Mortgage Growth(3/13/7)
Property Cap(11/7/6)
Rouse Co. (5/9/6)
Santa Fe So.Pac.
B.F.Saul REIT (5/9/6)

BY PROPERTY TYPE

Shopping Centers
Federal Rlty(2/28/6)
*First Union RE(3/13/7)
Intl. Income Pr.(3/14/6)
*IRT Prop.(3/13/7)
New Plan Rl.(12/5/6)
Rouse Co.(5/9/6)
Weingarten Rl.(12/19/6)
Western Inv.RE(3/28/6)
Offices
*HRE Props.(3/13/7)
ICM Prop.Inv.(4/11/6)
Koger Co.(5/9 & 12/19/6)
Koger Pr.(12/19/6)
Property Cap(11/7/6)
Prudential Rl(9/13/5)
Southland Finc.(10/10/6)
Turner Equity (4/11/6)

Hotels/Specl.

Burger King Inv.(2/28/6)
Hotel Inv.(10/24/6)

Medical

Beverly Inv.(1/23/7)
Health Care REIT(1/23/7)
Health Care Pr.(1/23/7)

ENTREPRENEURIAL OWNERS

Federal Rlty(2/28/6)
Forest City Ent(7/11/6)
Koger Co.(5/9 & 12/19/6)
Koger Props.(12/19/6)
New Plan Rl.(12/5/6)
Perini Inv. Prop.
Rouse Co. (5/9/6)

MORTGAGES - INCOME

Fixed-rate
BRT Realty(10/10/6)
Cenvill Inves.(4/11/6)
Countrywd Mtg(1/9/7)
CRI Insur. Mtg.(7/25/6)
Lomas & Net.MI(9/26/6)
Lomas Mtg. Cp(9/13/5)
MDC Asset Inv.(1/9/7)
Strategic Mtg.(3/28/6)

Participating

L&N Hsg. Corp.(4/11/6)
Lincoln Rlty.(12/20/5)
Mellon Partic. Mtg.
Mtg.Invest.Plus(6/13/6)
Realty South (4/11/6)
Rock. Ctr.Pr.(4/11/6)
Travelers REIT (6/13/6)

LEASEBACKS - INCOME

Beverly Inv.(1/23/7)
Health Care REIT(1/23/7)
Health Care Pr.(1/23/7)
Meditrust (1/23/7)
One Liberty Pr.(3/28/6)

TAX-SHELTERED INCOME

EQK Green Ac. (8/22/6)
EQK Rlty. (8/22/6)
Koger Co./Pr.(4/11/6)
LaQuinta LP(11/21/6)
MSA Realty(3/14/6)
Rock. Ctr. Pr.(4/11/6)
Trammell Crow (12/19/6)
Turner Equity (4/11/6)

NOTABLE NEWCOMERS

Copley Prop.(7/26/5)
Lincoln Rl.(12/20/5)
Merry Land(2/27/7)
Ridgewood Pr.(2/28/6)
Trammell Crow(12/19/6)
Weingarten Rl(12/19/6)

FINANCIAL SERVICE

Ameribanc Inv. Group
Countrywide Cre.(1/9/7)
Ballwood Gr.(2/13/7)
Lomas & Net.Fin.(9/26/6)
Northeastern Mtg. (5/23/6)
Southmark Corp.(12/5/6)
Unicorp Amer. (5/9/6)

AGGRESSIVE RECOVERY

Americana Hot(3/28/6)
Fairfield Comm(7/25/6)
Integrated Res.(5/23/6)
Johnstown Amer.(2/13/7)
Johnstown/Consol.Rlty.
Natl. Enter.(10/10/6)
*Pulte Home (3/27/7)
Reading Co.(6/13/6)
Southland Finc.(10/10/6)
Southmark Cp.(12/5/6)

BUILDERS/DEVELOPERS

Houses/Mfg.Hsg.
Calprop(11/21/6)
Centex Corp.(9/12/6)
Clayton Homes(10/10/6)
Hovnanian Ent(5/23/6)
Leisure Tech.(8/8/6)
MDC Holdings (8/8/6)
*Oriole Hm.(3/27/7)
*Ryland Group(3/27/7)
Std. Pacific(8/8/6)

Income Props.

Bay Fincl.(9/12/6)
Koger Prop.(12/19/6)
Commun.Bldgs./Land
Amrep Corp.(9/12/6)
Cousins Prop.(12/5/6)
*Genl. Devel. (3/27/7)
Inter. Gen.(2/27/7)
Major Realty(11/21/6)
Newhall Land & Farm.

* Reviewed in Mar. issues. Additions or changes underlined. # Recent client. Review/comment dates within last year.

60-acre CityFront Center in Chicago. Jan. qtr. EPS rose 60% to 16¢, first full qtr. including two recently acquired properties.

--Calprop, a smaller Calif. regional builder and recent Selector addition, earned 97¢ in 1986, up 80%, on a 124% boost in closing to 175 units.

RANKING REVIEWS: MAJOR HOMEBUILDERS GROWING THRU ACQUISITIONS, HOT MARKETS

Lennar Corp. Holds B Rank. Its Dec. acquisition of **Development Corp. of America** for cash is the major play as the combination created a dominant builder in the Florida market (see table, page 1).

EPS/Dividends--B: EPS have been somewhat volatile the past five years, with the \$1.43/sh. of the Nov. 1986 year being the high; see table at left. Dividends have been flat at 20¢ in the five years.

Assets and Operations: LEN builds entry level and medium priced homes in Florida and Ariz. with 2,978 deliveries in 1986 divided 74% Fla., 18% Ariz., and 8% in joint ventures. Average price of \$69,500 was up 5.3%. Acquisition of DCA gives LEN 123 communities in operation, including 108 in Fla. DCA was known as a land-rich, aggressive builder mainly to the retirement market in Florida's gold coast north from Miami to Palm Beach. LEN's major strength in land was south of Miami. Of late LEN has moved into Orlando, Bradenton, Fort Myers, Naples, St. Petersburg, and Tampa.

Major communities include Old Cutler Lakes by the Bay with 6,000 planned DU 15 mi. south of Miami; Kings Point with 5,000 DU in Tamarac near Fort Lauderdale; Sunrise Lakes, planned 7,800 DU retirement complex being developed by DCA in Sunrise, near Ft. Lauderdale. LEN has formed joint ventures with major landowners including Doral Park, planned 3,500 DU project with Doral Country Club; Huckleberry, planned 6,800 DU project near Orlando; and Turtle Run, 3,400 DU project in Coral Springs.

LEN builds commercial properties to use as a liquidity reserve and owns about 2,000 apartments and about 500,000 SF office and retail properties, in total booked at \$40.7 mil. before depre-

SUMMARY OF BUILDER EARNINGS

	EPS	%	EPS	%
Co.-Yr. To	12 Mo.	Chg.	3 Mo.	Chg.
a-Centex-Dec....	\$2.08	+ 3%	0.54	-14%
Gen.Dev.-Dec....	2.67	-11	0.71	-30
b-Gen.Hm-Sep/De.	1.17	+255	d0.05	NM
Lennar-Nov.....	1.43	+10	0.53	+66
MDC Hldg.-Dec...	1.80	+ 3	0.53	-41
Pulte Hm.-Dec...	0.79	-12	0.35	+ 9
NVHome/Ryan/Dec.	1.49	+99	0.61	+69
Ryland Gr.-Dec..	2.02	+59	0.56	+33
Std.Pacif.-Dec..	2.21	+32	0.72	+16
c-Toll Br/Oct/Ja	1.27	+338	0.22	+83
U.S.Home-Dec....	d2.05	NM	0.06	NM

Other Homebuilders

Calprop-Dec....	0.97	+80	0.40	+60%
Calton-Nov.....	0.79	+119	0.42	+91
Gemcraft-Dec...	0.42	-65	d0.64	NM
e-Hovnanian-Nov	0.95	+34	0.42	+11
a-Intl.Am.-Dec.	0.43	+153	0.19f	+533
K&B Home-Nov...	1.08	+17	0.56	+ 4
a-Leis.Tech-Dec.	d0.10g	NM	0.30	+200
NewhallLd-Dec.	2.20	+ 6	0.71	+31
Oriole Hm.-Dec.	0.67	+60	0.32	-16
a-Patten-Dec...	0.79	+41	0.22	+69
Union Valley-Dec	0.73	-27	0.20	-41
Writer-Dec.....	d0.24	NM	d0.18	NM

a-9 mo. & 3 mo. ending Dec.

b-Yr. ended Sept. & 3 mo. to Dec.

c-Yr. ended Oct. & 3 mon. to Jan.

d-Deficit.NM-no meaningful comparison.

e-9 mon. & 3 mon. ended Nov.

f-Includes acquisitions in qtr.

g-After 66¢ loss on debt retirement.

ciation of \$1.30/sh. The combined mortgage banking subsidiary services \$508 mil. mortgage loans and contributed 14¢ (10%) to 1986 EPS.

Financial Measures A: Debt of \$158 mil. is 1.05 times equity of \$150.7 mil. or \$17.46/sh. Debt includes \$85 mil. borrowed from banks to buy DCA. DCA delivered 1,612 homes in 1986 and added 977 DU to LEN backlog. LEN is also capitalized with \$77.6 mil. deferred income taxes or \$8.99/sh. Management owns a significant block of the stock.

Exposure - B: LEN has demonstrated great ability to roll with the building cycle and its capture of DCA to take advantage of tax-motivated sellers was a coup. The DCA acquisition gave it an even bigger stake in the solid retirement market. Hold after recent runup.

Ryland Group Inc. holds A Rank. RYL has grown, largely thru internal expansion, into a major multi-city builder. With acquisition of M.J. Brock Corp., California based builder which for many years was owned by CIGNA Corp., RYL has entered the strong California market in concert with a company whose corporate culture meshes well with RYL.

EPS/Dividends - A: While EPS has been somewhat volatile, 1986 EPS was a record (see table, p. 3). Dividends have risen at 19% annually.

Assets and Operations: RYL builds on-site homes from Baltimore/Philadelphia to Phoenix and Denver, just being entered. Its total 6,556 on-site deliveries rose 23% and averaged \$93,000 sale price. Sales were 45% Mid-Atlantic, RYL's original operating base; 30% central including Atlanta and Cincinnati; 12% Southwest; and 9% Florida.

RYL also has become a leading modular house builder and in 1986 delivered 1,790 homes, up 68% and 21% of total deliveries. Average price is \$31,600. Expansion into N.Y., N.J. and N.C. with townhouse and larger single family units boosted sales. Subsidiary Ryland Mortgage Co. contributed 64¢ to consolidated EPS (31% of the total) and surpassed \$1 bil. servicing.

Financial Measures - A: Debt of \$134.1 mil. is 1.3 times shareholders' equity of \$104.1 mil. or \$8.30/sh. RYL has always stressed rapid inventory and asset turnover (it buys land only as needed) and turned assets 3.3 times in 1986, best in four years.

RYL paid \$85 mil. for Brock, financed \$60 mil. bank revolving credit and \$25 mil. 6.88% debentures convertible at \$25 into 1.0 mil. shs. The acquisition gave rise to \$38 mil. or \$3.03/sh. goodwill. Brock builds about 1,000 houses yearly and backlog of 360 homes at Dec. was valued at \$63.2 mil. or \$175,500/DU. Brock has about 2-1/2 year of land inventory and builds mostly in southern Calif. plus Sacramento. Charges associated with the acquisition will burden March qtr. EPS.

Exposure - A: RYL's land acquisition and asset turnover policies have let it grow rapidly and Brock seems a sound acquisition for this well controlled builder. Shares are buy/hold.

NVHomes L.P., which made its initial public offering only last June, won 55% control of giant Ryan Homes via tender late in 1986 and now is preparing to merge the remainder into NVH for \$48/sh. all cash or cash plus units. Merger should be complete in the June qtr. and the master limited partnership (MLP) will be renamed NVRyan L.P. About 80% of Ryan business will be done in the MLP format by 1988's first qtr. We are increasing ranking of units to B.

EPS/Dividends - A: NVH has been on a fast growth track and EPS essentially doubled in 1986 (table, p. 3). When current financing for the Ryan acquisition is done, we estimate NVH should earn about \$3.00-\$3.25 in 1987. NVH is required to pay 55% of taxable income to unitholders. Since an MLP avoids Federal corporate taxes, shareholders become taxable on their pro rata share of the LP's income, and thus most MLPs pay a higher dividend to help shareholders pay their taxes.

Assets and Operations: NVH builds single-family homes in the Washington, D.C. area. NVH builds for the medium to upper priced brackets, with \$171,800 average price in 1986, including 42% of volume in single family attached townhome and upscale condo markets it entered to broaden market by offering lower sales prices (averaging \$88,000 and \$105,000 respectively). Ryan in contrast has long been known as a builder of lower priced homes with average sales price of \$82,000. But '86 deliveries were 7.4 times NVH's deliveries alone.

A major D.C. area builder before acquiring Ryan, the combined company will dominate that market with about 12.4% market share in 1986, vs. 6.9% for No. 2 Pulte. NVH does not engage in land development and limits speculative building of unsold homes. NVH delivered 1,039 homes in 1986, up 36% (table, p. 1). When combined with Ryan, NVH delivered 3,398 homes in the D.C. area, or 39% of 8,729 combined deliveries. Combined D.C. backlog of \$180 mil. is 53% of combined NVH backlog.

NVH's mortgage banking subsidiary when combined with Ryan Financial creates a mortgage company with \$3.05 bil. servicing, valued at about \$17-\$18

mil. over cost.

NVH had 15.2% gross margin on sales in 1986, with margins improving as the year progressed (the March qtr. is seasonally weak). Pretax was 6.0% on \$233.5 mil. sales in 1986, including \$55 mil. attributed to Ryan.

Financial Measures - B: Debt of \$299 mil. at Dec. 31 is 1.5 times equity of \$195 mil. NVH plans to finance the total \$390 mil. acquisition cost of Ryan by selling about \$175 mil. of senior subordinated debt, \$65 mil. of equity or convertible debt, and borrowing \$175 mil. under 8-year and 3-year bank loans. Average debt cost should be about 9.5%. Ryan's pre-tax cash flow should service debt easily. Officers and directors hold about 77% of units now and should have well over 50% after the Ryan acquisition financing.

Exposure - C: The Ryan acquisition has given NVH some additional risk but the two companies appear to mesh well, limiting risk by avoiding large landholdings and the related debt. As result, combined NVH gives up land profits for the higher liquidity and more predictable profit margins of home contracting.

Pulte Home Corp. remains at B Rank. **EPS/Dividends - B:** PHM's excellent long-term record continues to turn more volatile and less predictable. PHM earned 79¢ in 1986, down 12% after beginning the year with high hopes. EPS improved in each qtr. and 82% of EPS came in the second half. The Dec. qtr. was burdened by 10.5¢ sh. charges related to repayments of mortgages securing collateralized mortgage obligations (CMOs) issued by an unconsolidated subsidiary. Since 64% of mortgages securing the CMOs carry rates of 11% or better, this situation isn't likely to ease near-term. Dividend has been maintained but is flat.

While unit settlements fell 3% in the year (table, p. 1) net new orders were level and backlog up 11% at year-end. Strength in Washington and Illinois markets boosted backlog. Average sale price rose 11% to \$90,000 and 71% were single-family detached homes. PHM builds single family and townhouses in 180 communities from Puerto Rico to Calif. Ariz. operations were restructured in 1986 and Colorado demand weak.

PHM was one of the first to sell mortgage backed securities and thus obtain installment tax treatment for its sales, boosting cash flow. Lack of hedging the rate risk involved in these CMOs has reversed much early profit. Mortgage subsidiaries service \$2.9 bil.

Financial Measures - A: Debt of \$30.5 mil. is a low 0.16 times equity of \$188.2 mil. or \$7.94/sh. Unconsolidated financial subsidiaries are leveraged however and ICM Mortgage, the mortgage banker, has \$173 mil. bank borrowings secured by mortgages held for sale. The parent has made \$140 investments and advances to its mortgage subs. PHM also has deferred \$170.4 mil. of Federal income taxes, equal to \$7.19/sh.

Exposure - B: PHM can build and sell homes profitably thru the industry's inevitable cycles. Continuing losses from the mortgage side are disappointing and temper enthusiasm.

APPRAISED ASSET VALUE COMPARISONS

	DATE	APPRAISED VALUE/ SHARE	% PRICE TO APP. VALUE
QUALIFIED REITS			
BANKAMER REALTY	7/86	\$34.50a	-10.9%
EQK RLTY INV I	12/85	\$19.10	-21.5%
INTL INCOME PR#	12/86	\$15.62	-8.8%
JMB REALTY	8/86	\$18.66	-0.9%
NATL CAPITAL RE	12/85	\$ 5.14	-44.1%
NEW PLAN RLY TR#	7/86	\$14.01	27.6%
PRU RL CAPITAL	12/85	\$ 1.66	-9.6%
SANTA ANITA	12/85	\$25.96	18.5%
SIERRA RE EQ83#	12/85	\$10.98	-4.4%
SIERRA RE EQ84#	12/85	\$ 8.78	6.8%
USP RL EST INV#	12/85	\$13.44	-40.5%
WELLS FARGO M&E	6/86	\$30.22a	-30.9%
AVERAGE			-9.9%
OPERATING COMPANIES			
BAY FINCL CORP	5/86	\$45.20	-45.8%
BENEQUITY HLDGS	12/85	\$28.98	5.7%
KOGER CO#	12/86	\$21.07	53.1%
NEWHALL INV PROP	9/86	\$13.82	-24.9%
NEWHALL LAND	12/85	\$25.68	41.6%
PERINI INV PR#	12/86	\$21.57	-29.3%
ROUSE CO#	12/86	\$36.06	-7.1%
SAUL (BF) REIT#	9/86	\$27.12	-37.3%
SOUTHWEST RLTY#	12/86	\$14.20	-75.4%
UNICORP AMER	12/85	\$17.70	-19.5%
AVERAGE			-13.9%

Appraised market values of net assets (i.e., properties held) are reported publicly by companies. Values are estimated by management and concurred in by independent appraisers except for: Koger Co. values set by independent appraisers; New Plan Realty, management estimate only. Share values are fully diluted.
a-Entity has not revalued mortgages.

March 27, 1987

6

RANK	NAME	(REVIEW DATE)	EXCH/ SYMBOL	GROUP	SHARES (0)	BOOK VALUE	ANN DIV	-EARNINGS-- MO	LAST PRICE	% CHANGE MAR 10	FROM- JAN 1	P/E RATIO	% ANN YIELD	% PR TO BK	RETURN ON BKX	MKT VAL MIL \$	
* A	AMER HEALTH PROPS	(02/27/87)	NY-AHE	1	11086	18.51	0.00	---	0.00	18.13	-2.7	-9.4	0.0	0.0	-2.1	0.0	200.9
D	AMERICANA HOTEL	(03/28/86)	NY-AHR	2	5787	15.51	0.00	SEP	-2.28	13.13	7.1	25.0	0.0	0.0	-15.4	-14.7	76.0
A	BANKAMER REALTY	(11/07/86)	NY-BRE	2	7869	17.69\$	2.40	JAN	2.22	30.75	-1.6	2.9	13.9	7.8	73.8	12.5	242.0
* A	BEVERLY INV PROP#	(12/20/85)	NY-BIP	1	8195	19.27	2.20	DEC	2.20	24.88	9.3	-1.5	11.3	8.8	29.1	11.4	203.9
A	BRADLEY RL EST	(06/28/85)	OC-BRLS	1	3360	2.01	0.67	NOV	0.36	13.50	-3.6	20.9	37.5	5.0	571.6	17.9	45.4
B	BRT REALTY	(10/10/86)	AS-BRT	3	3255	11.57	2.00	U DEC	1.95	18.88X	-3.1	24.8	9.7	10.6	63.1	16.9	61.4
B	P-CALIF JOCKEY CLUB	(11/21/86)	AS-CJ	1	5637	4.39	0.90	SEP	0.87	19.63	6.1	-3.1	22.6	4.6	347.0	19.8	110.6
B	CALIFORNIA REI	(04/25/86)	NY-CT	1	5015	8.31	0.60	DEC	-0.04 D	7.25	-3.3	-36.3	0.0	8.3	-0.5	36.4	
F	F-CEDAR INCOME FD I	(01/09/87)	OC-CEDR	1	1440	8.86	0.60	SEP	0.53	8.25	0.0	3.1	15.6	7.3	-6.9	6.0	11.9
* C	CENTRAL REALTY	(04/25/86)	OC-CMRT	2	1715	0.64	0.00	SEP	-0.13	0.38	-25.0	-20.0	0.0	0.0	-41.4	-20.3	0.6
C	CENVILL INVSTR	(04/11/86)	NY-CVI	2	7007	13.06	2.00	DEC	2.07	20.63	4.4	9.3	10.0	9.7	57.9	15.8	144.5
B	CHICAGO DOCK&CANL	(10/24/86)	OC-DOCKS	1	5784	6.63	0.24	JAN	1.76 U	34.75	17.8	59.8	19.7	0.7	424.1	26.5	201.0
C	CLEVETRUST RITY #	(02/13/87)	OC-CTRS	2	1212	17.99	1.40	DEC	0.88 U	13.75	0.0	10.0	15.6	10.2	-23.6	4.9	27.7
C	COMMONWLT RITY#	(02/13/87)	OC-CRTYZ	1	1468	10.06	0.00	AUG	1.76	14.50	0.0	7.4	8.2	0.0	44.1	17.5	21.3
* F	F-CONSOL CAP INCOME	(04/11/86)	OC-CCITS	2	12663	18.84	2.40	SEP	0.22	15.13	8.0	22.2	68.8	15.9	-19.7	1.2	191.5
B	CONSOL CAP RITY#	(02/13/87)	OC-CCPLS	2	5966	8.94	0.10	AUG	0.43	4.00	0.0	14.3	9.3	2.5	-55.3	4.4	23.9
* F	F-CONSOL CAP SPCFL	(04/11/86)	OC-CCSTS	2	11538	16.64	2.16	SEP	-0.25	9.25	-6.3	12.1	0.0	23.4	-44.4	-7.5	106.7
* C	COLEY PROPS	(07/26/85)	AS-COP	2	4008	18.62	1.66	DEC	1.36 D	20.50	-1.8	3.8	15.1	8.1	10.1	7.3	82.2
* A	COUNTRYWIDE MGT	(01/09/87)	NY-CMW	3	7685	11.55	2.04	DEC	2.27	15.50	-7.5	-13.9	6.8	13.2	34.2	19.7	119.1
A	COUSINS PROPS	(12/05/86)	OC-COUS	1	11436	5.71	0.40	SEP	2.21	19.75	-1.3	1.3	8.9	2.0	245.9	38.7	225.9
* F	F-CPL REIT	(01/24/86)	OC-CTERS	1	1737	8.88	1.08	DEC	0.91	9.00	-2.7	0.0	9.9	12.0	1.4	10.2	15.6
* F	F-CRI INS MGT II	(07/25/86)	NY-CII	3	8536	19.09	2.39	SEP	1.67	19.75	-2.5	-3.7	11.8	12.1	3.5	8.7	168.6
B	DEL-VAL FINCL	(01/09/87)	AS-DVL	3	1305	9.56	1.74	S SEP	1.82	20.00X	0.7	3.9	11.0	8.7	109.2	19.0	62.1
* A	DIAL REIT INC	(01/09/87)	OC-DEAL	1	3178	18.24	0.00	---	0.00	21.50	3.6	11.7	0.0	0.0	17.9	0.0	37.4
* F	F-DUKE RLTY-CAPITAL	(02/28/86)	NY-DRE	1	7520	0.86	0.00	---	0.00	1.25	0.0	11.1	0.0	0.0	45.3	0.0	9.4
* F	F-DUKE RLTY-INCOME#	(02/28/86)	NY-DREP	1	7520	8.00	0.83	SEP	0.83	7.75	0.0	-8.8	9.3	10.7	-3.1	10.4	58.3
A	EASTGROUP PROPS	(03/13/87)	AS-EGP	1	2655	19.85	2.60	S NOV	3.10	31.25	0.8	12.6	10.1	8.3	57.4	15.6	83.0
B	EASTOVER CORP	(02/28/86)	OC-EASTS	2	1258	14.35	1.60	SEP	1.40	18.50	1.4	0.7	13.2	8.6	28.9	9.8	23.3
F	F-EQK RLY INV I	(08/22/86)	NY-EKR	1	7589	15.65\$	1.66	S SEP	0.54	15.00	-5.5	0.0	27.8	11.1	-4.2	3.5	113.8
A	FEDERAL REALTY#	(02/28/86)	NY-FRT	1	12154	9.46	1.08	S SEP	2.03	23.63X	-0.4	18.9	11.6	4.6	149.7	21.5	287.1
C	FIRST CONTNL REIT	(08/23/85)	OC-FCRES	3	4103	6.67	0.00	NOV	-2.58	3.25	0.0	10.6	0.0	0.0	-51.3	-38.7	13.3
A	FIRST UNION RE#	(03/13/87)	NY-FUR	1	18128	8.87	1.50	S DEC	1.59	25.63	-0.5	2.5	16.1	5.9	188.9	17.9	464.5
* A	GOLDEN CORRAL #	(04/11/86)	OC-GCRA	1	1480	9.24	1.25	SEP	1.25	10.25	2.5	-10.9	8.2	12.2	10.9	13.5	15.2
* F	F-GRUBBELL'S REIT	(06/13/86)	OC-GRIT	4	2500	9.06	0.88	DEC	0.88	8.50	0.0	-4.0	9.2	10.4	-6.2	10.2	11.3
* A	GUILD MGT INVSTMT	(07/25/86)	AS-GUM	3	3100	9.30	1.40	S SEP	1.20	10.38	-4.6	-10.8	8.6	13.5	11.6	12.9	32.2
* A	HARRIS-TETTER PRF#	(08/22/86)	AS-HTP	2	2505	8.97	0.96	U SEP	0.90	10.50	0.0	-2.3	11.7	9.1	17.1	10.0	26.3
* A	HEALTH CARE PR#	(04/11/86)	NY-HCP	1	8146	21.44	2.40	DEC	2.50	29.38	3.1	0.9	11.8	8.2	37.0	11.7	239.3
A	HEALTH CARE REIT	(08/09/85)	AS-HCN	3	5495	11.56	1.56	DEC	1.60	17.50	5.3	6.1	10.9	8.9	51.4	13.8	96.2
* A	HEALTHVEST #	(06/27/86)	AS-HVN	1	11558	19.46	2.25	U DEC	2.20	21.00	0.0	0.0	9.5	10.7	7.9	11.3	242.7
* C	HLTH & REHAB PROP	(12/19/86)	NY-HRP	2	3418	18.40	0.00	---	0.00	19.63	0.6	1.3	0.0	0.0	6.7	0.0	67.1
C	HMG PROP INV	(02/28/86)	AS-HMG	1	1212	16.80	0.60	S SEP	0.87	8.75	4.5	-4.1	10.1	6.9	-47.9	5.2	10.6
B	P-HOLLYWOOD PK RLY	(11/16/84)	OC-HTRFZ	1	3824	7.73	1.60	SEP	0.62	30.75	13.9	15.0	49.6	5.2	297.8	8.0	117.6
B	P-HOT INVESTORS#	(02/28/86)	NY-HOT	1	11563	18.03	2.00	JUL	1.78	25.00	4.2	12.4	14.0	8.0	38.7	9.9	289.1
A	HRE PROPERTIES	(03/13/87)	NY-HRE	1	5941	23.40	1.80	D JAN	1.83 D	24.25	-11.8	-9.3	13.3	7.4	3.6	7.8	144.1
* A	ICM PROP INVSTR	(04/11/86)	NY-ICM	2	5761	18.27	1.44	DEC	0.67	14.50	-0.9	-0.9	21.6	9.9	-20.6	3.7	83.5
A	INTL INCOME PR#	(03/14/86)	AS-IIP	1	11334	8.89\$	1.00	DEC	0.63 D	14.25	0.9	5.6	22.6	7.0	60.3	7.1	161.5
* A	INVG MGT SECS #	(03/14/86)	OC-INVG	3	682	31.56	2.00	SEP	2.99	7.00	27.3	-39.1	2.3	28.6	-77.8	9.5	4.8
A	IRT PROPERTY CO#	(03/13/87)	NY-IRT	1	8000	9.86	1.28	DEC	1.38	19.88	1.3	21.4	14.4	6.4	101.6	14.0	159.0
B	JMB REALTY	(02/13/87)	OC-JMBRS	2	1423	16.95\$	1.64	NOV	1.72	18.50	2.8	10.4	10.8	8.9	9.1	10.1	26.3
B	F-JOHNSTWN/CONS RLY	(03/22/85)	NY-JCT	2	12280	16.44	1.70	S SEP	0.42	12.63	6.3	3.1	30.1	13.5	-23.2	2.6	155.0
B	LAN HOUSING	(04/11/86)	NY-LHC	4	2200	23.57	2.00	DEC	2.23	23.00	-2.1	-13.3	10.3	8.7	-2.4	9.5	50.6
* F	F-LANDSING INST V	(12/06/85)	OC-LANVS	2	5680	8.46	0.68	SEP	0.68	9.50	0.0	-4.0	12.1	17.1	-56.6	3.4	19.9
A	LINCOLN NC RL FND	(12/20/85)	AS-LRF	2	1998	13.39	1.88	DEC	1.21	13.25	-1.9	-3.6	11.0	11.2	-1.0	9.0	26.5
* F	F-LINPRO SPCFD PROP	(08/22/86)	AS-LPO	1	1856	9.04	1.03	DEC	1.03	9.75	-9.3	-3.7	9.5	10.6	7.9	11.4	18.1
A	LOMAS & NET MGT	(09/26/86)	NY-LOM	3	11625	23.48	2.61	DEC	2.51	26.13	-3.2	-13.6	10.4	10.0	11.3	10.7	303.7
* A	LOMAS MGT CORP	(09/13/85)	NY-LMC	3	6000	18.62	2.44	U DEC	2.14	27.63X	1.7	4.7	12.9	8.8	48.4	11.5	165.8
* A	MDC ASSET INVSTRS	(01/09/87)	NY-MIR	3	4680	13.75	1.60	I ---	0.00	16.25	8.3	15.0	0.0	11.1	18.2	0.0	76.1
* A	MEDITRUST	(10/25/85)	OC-MTRUS	1	10721	15.39	1.84	DEC	1.61	19.25	5.5	5.0	12.0	8.5	25.1	10.5	206.4
* A	MELLON PART MGT	(02/22/85)	OC-MPMTS	4	8645	9.38	0.96	SEP	1.08	10.75	1.2	-3.4	10.0	8.9	14.6	11.5	92.9
B	MERRY LAND & INV	(02/27/87)	OC-MERY	2	6264	5.17	0.80	DEC	0.98	11.13	-2.4	18.4	11.4	7.2	115.2	19.0	69.7
B	MONY RL EST INV	(11/07/86)	NY-MYM	2	10343	9.42	0.72	D FEB	0.70 D	8.88	-6.6	-16.5	12.7	8.1	-5.8	7.4	91.8
A	MORTGAGE GROWTH	(03/13/87)	AS-MYG	2	7578	15.92	1.60	S FEB	1.63 D	22.00X	0.1	0.0	13.5	7.3	38.2	10.2	166.7
* A	MSA REALTY CORP	(03/14/86)	AS-SSS	1	5958	8.89	1.00	S DEC	0.71 U	10.38	2.5	-1.2	14.6	9.6	16.7	8.0	61.8
A	MTG & RLY TRUST	(02/13/87)	NY-MRT	3	10311	16.94	1.88	DEC	1.83	21.25	-1.7	-5.6	11.6	8.8	25.4	10.8	219.1
* A	MTG INVSTMS PLUS	(06/13/86)	AS-MIP	4	9020	9.01	0.80	DEC	0.72	8.50	1.5	9.7	11.8	9.4	-5.7	8.0	76.7
C	NATL CAPITAL RE	(04/26/85)	OC-NCRTS	1	3645	2.58\$	0.00	SEP	-0.90	2.88	4.5	27.8	0.0	0.0	11.4	-34.9	10.5
A	NEW PLAN RLY TR#	(12/05/86)	NY-NPRT	1	21072	5.25\$	0.82	JAN	0.81 D	17.88	3.6	27.7	22.1	4.6	240.5	15.4	376.7
* F	F-NOONEY RLY TR#	(04/11/86)	OC-NRTI	1	867	17.18	0.80	DEC	1.06	15.00X	1.3	-1.6	14.2	5.3	-12.7	6.2	13.0
B	ONE LIBERTY PR#	(03/28/86)	AS-OLP	1	2203	14.27	1.68	DEC	1.59 D	15.00X	2.9	-7.2	9.4	8.8	-9.1	9.5	33.0
* A	PAINEWEBB RES RLY	(02/28/86)	AS-PWR	3	6058	9.36	1.00	S SEP	0.82	8.50	-4.2	-8.1	9.2	11.8	-9.2	9.8	51.5
A	PENN REIT	(12/05/86)	AS-PET	1	5428	15.82	2.20	NOV	2.55	35.25	-0.4	12.4	13.8	6.2	122.8	16.1	191.3
B	PITTS & WVA RR	(02/28/86)	AS-PW	1	1510	6.07	0.56	SEP	0.56	6.50	4.0	4.0	11.6	8.6	7.1	9.2	9.8
B	PRESIDENTL RL-A#	(08/09/85)	AS-PDLA	2	479	2.43	1.28	SEP	1.61	13.38	-7.8	0.9	8.3	9.6	450.4	66.3	6.4
A	PRESIDENTL RL-B#	(08/09/85)	AS-PDLB	2	2786	2.43	1.28	SEP	1.58	13.25	-2.8	9.3	8.4	9.7	445.3	65.0	36.9
B	PROPERTY CAPITAL	(11/07/86)	AS-PCT	2	9034												

March 27, 1987

7

RANK	NAME	(REVIEW DATE)	EXCH/ SYMBOL GROUP	SHARES (0)	BOOK VALUE	ANN DIV	-EARNINGS-- MON 12 MO	LAST PRICE	% CHANGE MAR 10	FROM- JAN 1	P/E RATIO	% ANN YIELD	% PR TO BK	RETURN ON BKZ	MKT VAL MIL \$	
C	ABRAMS INDS INC		OC-ABRI	9	1787	8.55	0.24	JAN 0.59	7.50	-6.3	0.0	12.7	3.2	-12.3	6.9	13.4
C	AMER COMMUNITY DEV		OC-ACDG	6	3020	3.29	0.00	OCT -2.28	1.13	0.0	-5.3	0.0	0.0	-65.8	-69.3	3.4
* LP-AMER INS MTC 84	(01/24/86)	OC-AIMAZ	8	10000	19.51	1.44	SEP 2.03	20.25	1.3	1.3	10.0	7.1	3.8	10.4	202.5	
C	AMER PACESETTER		PS-AECP	9	1465	11.68	0.00	SEP 0.80	16.75	1.5	22.9	20.9	0.0	43.4	6.8	24.5
C	AMERICAN INV GP		OC-AINVS	9	6111	7.77	0.20	DEC 1.40	10.50	0.0	27.3	7.5	1.9	35.1	18.0	64.2
C	AMERICAN REALTY	(12/05/86)	AS-ARB	7	9684	10.19	2.50	SEP 0.48	8.25	3.1	32.0	17.2	30.3	-19.0	4.7	79.9
C	AMREP CORP	(09/12/86)	NY-AXR	6	6593	8.64	0.00	JAN 1.07 D	14.75	0.0	15.7	13.8	0.0	70.7	12.4	97.2
C	ANGELES CORP		AS-ANG	10	3481	4.96	0.00	DEC -0.45	9.63	4.1	18.5	0.0	0.0	94.1	-9.1	33.5
* LP-ANGELES FINC PTRS	(01/24/86)	AS-ANF	8	1051	18.20	1.86	U SEP 1.76	18.00	0.0	5.9	10.2	10.3	-1.1	9.7	18.9	
* LP-ANGELL CARE MLP	(01/23/87)	NY-ACR	7	3500	14.93	1.44	U DEC -0.38	15.25	1.7	8.0	0.0	9.4	2.1	-2.5	53.4	
B	BAY FINCL CORP	(09/12/86)	NY-BAY	7	3351	18.40\$	0.20	S FEB -0.82 D	24.50	-2.0	0.0	0.0	0.8	33.2	-4.5	82.1
C	BEI HOLDINGS		OC-BEIH	9	10328	3.81	0.00	OCT 0.20	10.00	-7.0	3.9	50.0	0.0	162.5	5.2	103.3
C	LP-BENEQUITY HLDGS	(06/13/86)	NY-BH	7	5746	7.87\$	2.00	DEC 3.19	30.63	-0.4	25.6	9.6	6.5	289.1	40.5	176.0
D	BRITISH LAND AMER	(12/06/85)	NY-BLA	7	17971	2.13	0.00	DEC -1.54	3.25	-3.7	0.0	0.0	0.0	52.6	-72.3	58.4
* LP-BURGER KING INV	(02/28/86)	NY-BKP	7	4635	18.80	1.92	DEC 1.45	19.25	2.0	-6.1	13.3	10.0	2.4	7.7	89.2	
* LP-CAL FED INC PTNRS	(12/19/86)	NY-CFI	7	11000	9.28	0.66	--- 0.00	9.38	-5.1	-11.8	0.0	7.0	1.0	0.0	103.1	
C	CALPROP CORP	(11/21/86)	AS-CPP	6	3439	8.33	0.00	DEC 0.97 U	11.88	-6.9	48.4	12.2	0.0	42.6	11.6	40.8
C	CALTON INC	(06/27/86)	NY-CN	6	18000	1.69	0.00	NOV 0.79	12.00	-4.0	113.3	15.2	0.0	610.1	46.7	216.0
* CASTLE & COOKE		NY-CKE	9	41655	9.67	0.00	DEC 0.56 U	21.88	2.3	13.6	39.1	0.0	126.2	5.8	911.2	
A	CENTEX CORP	(09/12/86)	NY-CTX	5	17863	20.21	0.25	DEC 2.70	34.75X	2.4	11.2	12.9	0.7	71.9	13.4	620.7
C	CHAMPION HOME	(10/10/86)	AS-CHB	11	35983	1.49	0.00	NOV -0.11	2.00	33.3	18.5	0.0	0.0	34.2	-7.4	72.0
D	CHRISTIANA COS	(12/06/85)	NY-CST	6	2851	7.54	0.00	DEC -0.49	7.25	-1.7	41.5	0.0	0.0	-3.8	-6.5	20.7
C	CITIZENS GROWTH		OC-CITGS	9	513	16.14	0.00	D OCT 0.90	12.00	-14.3	-15.8	13.3	0.0	-25.7	5.6	6.2
B	CLAYTON HOMES	(10/10/86)	NY-CMH	11	10263	5.13	0.00	DEC 0.83	16.00	0.0	32.0	19.3	0.0	211.9	16.2	164.2
* LP-CMNWLTH MTC AM-A	(11/21/86)	NY-CMA	8	35000	2.13	1.04	U DEC 0.18	9.88	6.8	1.3	54.9	10.5	363.6	8.5	345.6	
C	COMMONWLTH MTC CO	(10/24/86)	OC-CCMC	8	6220	3.16	0.00	JAN 1.10	10.63	-11.5	25.0	9.7	0.0	236.2	34.8	66.1
B	CONGRESS ST PROPS		OC-CSTP	9	1262	12.78	0.00	NOV 1.07	10.00	-5.9	0.0	9.3	0.0	-21.8	8.4	12.6
C	CONTL HNS HOLDING		OC-COHN	6	3700	3.79	0.00	FEB 1.41 U	13.75	-8.3	19.6	9.8	0.0	262.8	37.2	50.9
B	COUNTRYWIDE CRDIT	(01/09/87)	NY-CCR	8	15070	5.35	0.32	U FEB 1.29 U	17.00X	15.8	37.4	13.2	1.9	217.8	24.1	256.2
E	COVINGTON TECH		OC-COVT	6	13892	0.51	0.00	SEP -0.30	1.75	7.7	154.4	0.0	0.0	243.1	-58.8	24.3
B	LP-CRI INS MTC INV	(07/25/86)	NY-CRM	8	9100	18.22	1.98	S SEP 2.26	23.38	-2.1	0.5	10.3	8.5	28.3	12.4	212.7
D	DELTONA CORP		NY-DLT	6	5574	4.50	0.00	DEC 0.04 D	5.75	-4.2	12.2	143.8	0.0	27.8	0.9	32.1
* LP-EMERALD HOMES LP		NY-EHP	6	5225	5.11	1.20	I SEP 1.15	10.75	8.9	7.5	9.3	11.2	110.4	22.5	56.2	
* LP-EQK GRN ACRES LP\$	(08/22/86)	NY-EGA	7	10173	9.30	1.05	SEP 0.88	11.63	-1.1	10.7	13.2	9.0	25.0	9.5	118.3	
* LP-EQUITABLE RE SC	(01/23/87)	NY-EQM	7	10700	9.25	1.00	--- 0.00	10.63	0.0	4.9	0.0	9.4	14.9	0.0	113.7	
A	EQUITEC FNCL GP	(07/12/85)	NY-EFG	10	4916	5.33	0.16	S OCT 0.49	9.25	8.8	39.6	18.9	1.7	73.5	9.2	45.5
B	FAIRFIELD COMM	(07/25/86)	NY-FCI	6	10640	10.59	0.00	DEC -1.62 D	6.63	3.9	-18.5	0.0	0.0	-37.4	-15.3	70.5
C	FARRAGUT MTC. CO.	(12/19/86)	OC-FARR	8	5000	1.53	1.00	JUL 0.38	11.13	1.1	71.2	29.3	9.0	627.1	24.8	55.6
C	FED NATL MTC	(06/14/85)	NY-FNM	8	73762	15.98	0.32	DEC 2.49	47.88	4.1	17.5	19.2	0.7	199.6	15.6	3531.4
B	FIRST CAROLINA		OC-FCARS	9	818	29.55	0.50	DEC 3.34	29.50	1.7	0.0	8.8	1.7	-0.2	11.3	24.1
A	FLEETWOOD ENTER	(10/10/86)	NY-FLE	11	23307	12.91	0.52	S JAN 1.65 U	31.75	6.7	25.1	19.2	1.6	145.9	12.8	740.0
B	FOREST CITY-A#	(07/11/86)	AS-FCE.A	7	4056	20.42	0.30	OCT 3.06	38.63	-1.0	28.2	12.6	0.8	89.2	15.0	156.7
B	FOREST CITY-B#	(07/11/86)	AS-FCE.B	7	3893	20.42	0.30	OCT 3.06	38.63	-1.0	24.1	12.6	0.8	89.2	15.0	150.4
* LP-FORUM RET PFD UN	(01/23/87)	AS-FRL	7	5000	10.84	1.35	--- 0.00	14.13	2.7	10.8	0.0	9.6	30.3	0.0	70.6	
C	FPA CORP		AS-FPO	6	3995	11.87	0.00	DEC -0.78	11.25	3.4	12.5	0.0	0.0	-5.2	-6.6	44.9
D	GEMCRAFT INC	(05/23/86)	OC-GEH	6	5128	3.88	0.00	DEC 0.42 D	8.38	11.7	19.6	19.9	0.0	115.9	10.8	42.9
B	GENERAL DEVLPMT	(08/08/86)	NY-GDV	5	10500	14.44	0.00	DEC 2.67	22.88	0.5	30.7	8.6	0.0	58.4	18.5	240.2
C	GENERAL HOMES	(01/24/86)	NY-GHO	5	15009	10.36	0.00	DEC 1.00	9.38	2.7	29.3	9.4	0.0	-9.5	9.7	140.7
A	LP-GOULD INVSTRS LP	(01/09/87)	AS-GLP	7	1339	6.83	0.00	DEC 0.77	51.00	7.4	27.5	66.2	0.0	646.7	11.3	68.3
B	GRUBB & ELLIS		NY-GBE	10	15249	5.18	0.00	D DEC -0.12	5.63	-4.3	9.8	0.0	0.0	8.6	-2.3	85.8
B	HALLWOOD GROUP	(07/13/87)	NY-HNG	9	4555	16.34	1.12	S JAN 1.69 D	24.00	-4.5	28.0	14.2	4.7	46.9	10.3	109.3
C	HAMMOND CO	(07/12/85)	OC-THCO	8	2117	4.99	0.00	DEC 0.76	8.50	-12.8	70.0	11.2	0.0	70.3	15.2	18.0
D	HOMAC INC		OC-HOMC	6	2675	5.33	0.00	SEP -0.07	3.50	7.7	3.7	0.0	0.0	-34.3	-1.3	9.4
C	HOVANIAN ENTR	(05/23/86)	AS-HOV	6	10562	5.17	0.00	NOV 1.39	35.75	13.5	93.2	25.7	0.0	591.5	26.9	377.6
D	INDIANA FNCL INV		OC-IFII	7	974	9.29	0.00	DEC 0.79	6.00	0.0	0.0	7.6	0.0	-35.4	8.5	5.8
C	INTEGRATED RESC	(05/23/86)	NY-IRE	10	7603	18.36	0.00	DEC -2.34 D	27.75	2.8	27.6	0.0	0.0	51.1	-12.7	211.0
C	INTERGROUP CORP	(06/14/85)	OC-INTG	7	1201	13.24	0.00	SEP 0.12	12.25	6.5	2.1	102.1	0.0	-7.5	0.9	14.7
B	LP-INTERSTATE GEN CO	(02/27/87)	AS-IGC	7	9900	2.04	0.00	SEP 1.05	12.50	38.9	38.9	11.9	0.0	512.7	51.5	123.8
* INTL AMER HOMES	(11/22/85)	OC-HOME	6	7652	2.78	0.00	DEC 0.43	6.75	14.9	68.8	15.7	0.0	142.8	15.5	51.7	
C	JOHNSTOWN AMER-A	(02/13/87)	AS-JAC	10	8435	2.83	0.00	NOV 0.18	3.50	0.0	12.0	19.4	0.0	23.7	6.4	29.5
B	K&B HOME CORP	(08/22/86)	NY-KBH	5	27000	5.77	0.20	NOV 1.08	16.50	-4.3	51.7	15.3	1.2	186.0	18.7	445.5
C	KAUFMAN & BROAD	(06/14/85)	NY-KB	9	9879	12.37	0.33	NOV 2.68	27.13	0.5	50.7	12.3	1.2	119.3	17.8	268.0
C	KNUTSON MTCG CORP	(10/24/86)	OC-KNMC	8	13825	3.04	0.40	S DEC 1.80	12.63	-1.0	40.3	7.0	3.2	315.3	59.2	174.5
A	KOGER CO#	(05/09/86)	AS-KGR	7	11570	14.02\$	2.40	DEC 1.65	32.25	5.7	8.9	15.5	7.4	130.0	11.8	373.1
A	KOGER PROPS#	(07/12/85)	NY-KOC	7	10620	9.16	2.60	DEC 1.88	30.88	-1.2	-3.1	16.4	8.4	237.1	20.5	327.9
* LP-LA QUINTA MTR INN	(11/21/86)	NY-LQP	7	3975	18.08	2.00	AUG 2.00	17.75	-2.1	0.0	8.9	11.3	-1.8	11.1	70.6	
C	LANDMARK LAND		AS-LML	9	7976	9.78	0.40	SEP 1.26	20.00	1.3	11.9	15.9	2.0	104.5	12.9	159.5
C	LEISURE+TECH	(08/08/86)	AS-LVX	6	3795	2.46	0.00	DEC 0.03	8.88	-1.4	69.0	295.8	0.0	260.8	1.2	33.7
B	LENNAR CORP	(03/27/87)	NY-LEN	5	8631	17.46	0.20	NOV 1.43	33.00	-0.8	78.4	23.1	0.6	89.0	8.2	284.8
C	LEVITT CORP		AS-LVT	6	3400	6.92	0.00	DEC 0.60 U	16.00	4.9	60.0	26.7	0.0	131.2	8.7	54.4
* LOAN AMER FNCL-B	(01/25/85)	OC-LAFCB	8	1986	6.08	0.00	DEC 0.89	10.75	0.0	10.3	12.1	0.0	0.0	76.8	14.6	21.3
A	LOMAS & NET FINC	(09/26/86)	NY-LNF	8	28574	11.92	1.12	DEC 2.20	37.25	-2.6	27.4	16.9	3.0	212.5	18.5	1064.4
C	M/I SCHOTNSTN HMS	(10/24/86)	OC-MIHO	6	5800	1.41	0.00	DEC 0.69 U	10.00	21.2	70.2	14.5	0.0	609.2	48.9	58.0
C	MAJOR REALTY	(05/24/85)	OC-MAJR	6	6024	1.13	0.00	DEC -0.67 D	11.00	-2.2	15.8	0.0	0.0	873.5	-59.3	66.3
A	MDC HOLDINGS	(08/08/86)	NY-MDC	5	19786	7.15	0.40	S DEC 1.81	14.63	2.6	10.4	8.1	2.7	104.5	25.3	289.4
B	MISSION WEST PR		AS-MSW	6	1553	11.29	2.28	NOV 3.08	12.00	2.1	7.9	3.9	19.0	6.3	27.3	18.6
C	NATIONAL ENTPRPS	(10/10/86)	NY-NEI	11	7130	2.54	0.00	DEC 0.21	5.88	23.7	38.2	28.0	0.0	131.3	8.3	41.9
C	NE MORTGAGE CO	(05/23/86)	AS-NM	8	5643	2.63	0.18	DEC 0.78	9.00	2.9	23.7					

RANK	NAME	(REVIEW DATE)	EXCH/ SYMBOL	GROUP	SHARES (0)	BOOK VALUE	ANN DIV	-EARNINGS-- MON 12 MO	LAST PRICE	% CHANGE FROM-- MAR 10 JAN 1	P/E RATIO	% ANN YIELD	% PR TO BK	RETURN ON BKZ	MKT VAL MIL \$	
B	PULTE HOME CORP	(08/08/86)	NY-PHM	5	23738	7.94	0.12	DEC 0.79	16.63	-2.2	37.1	21.0	0.7	109.4	9.9	394.6
D	PUNTA GORDA		AS-PGA	6	2905	-0.01	0.00	SEP 0.29	2.88	-4.2	43.8	9.9	0.0	0.0	0.0	8.4
C	RADICE CORP	(11/08/85)	NY-RI	6	5845	5.17	0.00	DEC -1.74	8.50	-10.5	-8.1	0.0	0.0	64.4	-33.7	49.7
C	READING CO	(06/13/86)	OC-RDGC	7	3351	12.80	0.00	DEC 0.86 D	27.25	7.9	16.0	31.7	0.0	112.9	6.7	91.3
C	REALAMERICA CO		OC-RACO	7	3497	3.22	0.00	NOV 0.04 U	2.50	0.0	0.0	62.5	0.0	-22.4	1.2	8.7
B	REDMAN INDUSTRIES	(10/10/86)	NY-RE	11	9755	7.36	0.32 S	DEC 0.33	9.00	1.4	2.9	27.3	3.6	22.3	4.5	87.8
* LP-RETIREMNT LIV MTG (07/25/86) OC-RLIVZ 8 1264 22.76 2.16 S SEP 2.04 24.25 0.0 5.4 11.9 8.9 6.5 9.0 30.7																
RIDGEWOOD PROPS (02/28/86) OC-RWPI 7 996 34.77 0.00 NOV 1.61 27.63 0.0 10.5 17.2 0.0 -20.5 4.6 27.5																
C	ROCKWOOD NATL	(08/23/85)	PS-RNC	6	9682	2.78	0.00	DEC 0.59	3.75	-3.2	15.4	6.4	0.0	34.9	21.2	36.3
A	ROUSE CO#	(05/09/86)	OC-ROUS	7	31161	7.02\$	0.70	SEP 0.77	33.50	-1.5	6.8	43.5	2.1	377.2	11.0	1043.9
B	RYAN HOMES	(05/10/85)	NY-RYN	5	6992	24.31	1.20 S	DEC 3.37	47.13	0.3	3.3	14.0	2.5	93.9	13.9	329.5
A	RYLAND GROUP	(03/27/87)	NY-RYL	5	12547	8.30	0.40 S	DEC 2.02	30.88	-4.3	55.3	15.3	1.3	272.0	24.3	387.4
SANTA FE SO PAC (05/09/86) NY-SFX 9 156950 32.11 1.00 DEC -0.84 37.38 3.1 26.2 0.0 2.7 16.4 -2.6 5866.0																
C	SAUL (BF) REIT#	(05/09/86)	NY-BFS	7	5483	8.46\$	0.20	DEC 0.17 U	17.00	1.5	3.0	100.0	1.2	100.9	2.0	93.2
C	SECURITY CAPITAL	(02/13/87)	AS-SCC	8	5676	10.32	0.00 D	DEC -2.48	5.88	-2.1	27.0	0.0	0.0	-43.1	-24.0	33.3
B	SKYLINE CORP	(10/10/86)	NY-SKY	11	11217	11.62	0.48 S	FEB 1.04 U	17.38X	3.7	18.8	16.7	2.8	49.5	9.0	194.9
D	SO ATLANTIC FIN		OC-SOAF	7	6148	2.93	0.00	SEP 0.81	10.50	7.7	35.5	13.0	0.0	258.4	27.6	64.6
C	SOUTHLAND FINCL	(06/13/86)	OC-SFIN	7	16770	10.51	0.00	SEP -1.79	12.88	17.0	-4.6	0.0	0.0	22.5	-17.0	215.9
SOUTHWARK CORP (12/05/86) NY-SM 9 46115 10.01 0.24 DEC 0.80 10.63 10.4 26.9 13.3 2.3 6.1 8.0 490.0																
C	LP-SOUTHWEST RLTY#	(02/28/86)	AS-SWL	7	3442	7.64\$	0.00	DEC 0.29 D	3.50	12.0	12.0	12.1	0.0	-54.2	3.8	12.0
C	STARRETT HOUSING		AS-SHO	6	5917	4.46	0.00	SEP -0.03	19.63	-7.1	31.9	0.0	0.0	340.0	-0.7	116.1
B	LP-STD PACIFIC L.P.	(08/08/86)	NY-SPF	5	13118	9.96	3.00	DEC 2.21	30.75X	2.3	12.8	13.9	9.8	208.7	22.2	403.4
C	SUNLITE INC		OC-SNLT	9	2796	5.45	0.00	DEC -0.33	4.25	6.3	54.5	0.0	0.0	-22.0	-6.1	11.9
*	SUNSTATES CORP		OC-SUST	9	514	31.82	0.00	SEP -5.52	11.88	2.2	0.0	0.0	0.0	-62.7	-17.3	6.1
TIERCO GP INC (07/25/86) OC-TIER 7 2126 9.82 0.00 SEP -1.15 7.50 20.0 15.4 0.0 0.0 -23.6 -11.7 15.9																
C	TOLL BROS	(07/25/86)	NY-TOL	5	14997	2.31	0.00	JAN 0.95 U	27.00	-6.1	136.5	28.4	0.0	1068.8	41.1	404.9
B	LP-UDC-UNIVRSL DEV	(08/08/86)	NY-UDC	6	10655	7.49	2.20	DEC 2.90	25.63	5.7	25.8	8.8	8.6	242.1	38.7	273.0
B	UNICORP AMER	(05/09/86)	AS-UAC	7	10800	13.29\$	0.60 S	SEP 1.42	14.25	3.6	17.5	10.0	4.2	7.2	10.7	153.9
C	UNION VALLEY CORP	(09/26/86)	AS-UVC	6	3967	1.98	0.00	DEC 0.73 D	10.25	-2.4	60.8	14.0	0.0	417.7	36.9	40.7
*	US CAPITAL CORP		OC-USCC	6	8270	1.95	0.00	JUL -1.44	1.00	14.3	0.0	0.0	0.0	-48.7	-73.8	8.3
US HOME CORP (07/11/86) NY-UH 5 39813 5.55 0.00 DEC -2.05 8.00 10.3 42.2 0.0 0.0 44.1 -36.9 318.5																
* LP-US REALTY PTRNS#	(09/26/86)	OC-USRLZ	7	1222	21.35	2.26	SEP 2.04	21.25	6.3	-5.6	10.4	10.6	-0.5	9.6	26.0	
Z	US SHELTER CORP		OC-USSS	10	9446	2.92	0.00	SEP -0.47	2.13	-10.5	6.3	0.0	0.0	-27.2	-16.1	20.1
* LP-VMS MORTGAGE INV	(01/24/86)	OC-VMLPZ	8	7629	8.80	1.08 S	JUN 0.96	9.38	-1.3	-3.8	9.8	11.5	6.5	10.9	71.5	
C	VYQUEST INC		AS-VY	11	3849	7.26	0.00	NOV 0.06	7.00	-3.4	27.3	116.7	0.0	-3.6	0.8	26.9
C	WASHINGTON CORP		PH-TWC.X	6	1987	4.59	0.10	SEP -0.21	4.25	3.0	-12.8	0.0	2.4	-7.4	-4.6	8.4
WASHINGTON HOME (11/22/85) AS-WHI 6 4728 5.39 0.00 JAN 1.73 13.38 -7.0 67.2 7.7 0.0 148.1 32.1 63.2																
C	WEBB (DEL E) CORP	(06/14/85)	NY-WBB	9	7948	14.20	0.20	DEC 2.37	21.75	1.8	-2.2	9.2	0.9	53.2	16.7	172.9
L	WESPAC INVSTR	(01/10/86)	OC-WESPS	12	5968	1.37	0.00	NOV -1.27	1.63	-18.8	-38.1	0.0	0.0	18.6	-92.7	9.7
* LP-WINTHROP INS MTG		AS-WMI	8	3868	13.80	1.40 D	DEC 2.21	15.88	0.8	-0.8	7.2	8.8	15.0	16.0	61.4	
B	WRITER CORP		OC-WRTC	6	4123	8.47	0.00 D	DEC -0.23	6.88	5.8	10.0	0.0	0.0	-18.8	-2.7	28.3
B	ZIMMER CORP		AS-ZIM	11	4662	3.48	0.00	SEP -1.04	4.13	37.5	3.1	0.0	0.0	18.5	-29.9	19.2

COMPARATIVE REALTY STOCK GROUP AVERAGE 03/24/87

GROUP NUMBER & NAME	DIV	NON-DIV	TOTAL	SHARE (000)	BOOK VALUE	ANNUAL DIV	EARN ANN	LAST PRICE	% CHANGE FROM MAR 10	JAN 1	P/E RATIO	ANNUAL YIELD	% PR TO BK	RETURN ON BK	MARKET VAL(000)
1 PROPERTY REITS	47	7	54	6748	11.01	1.05	1.09	16.34	1.7	6.1	15.0	6.4	48.4	9.9	6479.5
2 PROP & MTG COMB REITS	22	3	25	5580	12.79	1.27	0.90	14.53	-0.1	2.5	16.1	8.7	13.6	7.1	2099.3
3 MORTGAGE REITS	17	1	18	5316	14.34	1.69	1.42	16.02	0.6	-0.6	11.3	10.6	11.7	9.9	1680.8
4 PARTICIPATING MTG REITS	12	0	12	8303	12.02	1.10	1.14	12.27	0.2	-2.2	10.8	9.0	2.1	9.4	1455.8
5 MAJOR HOMEBUILDERS	9	4	13	16930	11.77	0.57	1.50	25.01	1.5	35.6	16.7	2.3	112.4	12.7	4599.3
6 OTHER BLDRS/DEVELOPERS	7	27	34	5957	5.12	0.19	0.31	10.66	2.5	36.0	34.9	1.8	108.2	6.0	2361.2
7 INCOME PROP BLDR/OWNR	21	12	33	6850	11.39	0.81	0.87	18.52	2.4	10.4	21.3	4.4	62.6	7.6	4169.4
8 MORTGAGE BANKER/FINANCE	13	4	17	13281	9.91	0.84	1.21	17.15	0.4	15.8	14.1	4.9	73.2	12.3	6215.0
9 DIVERSIFIED RLTY&HOLDING	11	7	18	17947	14.62	0.32	0.86	18.60	0.1	14.1	21.6	1.7	27.2	5.9	9035.1
10 RLTY SVCS/SYNDICATORS	1	5	6	8188	6.60	0.03	-0.45	9.65	2.4	23.8	0.0	0.3	46.2	-6.8	425.3
11 MANUFACTURED HOUSING	4	5	9	12432	6.76	0.16	0.46	12.32	6.0	22.6	26.7	1.3	82.2	6.8	1448.4
L LIQUIDATING COMPANIES	0	1	1	5968	1.37	0.00	-1.27	1.63	-18.8	-38.1	NC	NC	18.6	NC	9.7
P PREFERRED STOCKS	1	0	1	1650	10.00	1.10	0.00	12.50	2.2	3.1	NC	NC	25.0	NC	20.6
OVERALL AVERAGE			241	8610	10.68	0.81	0.91	15.79	1.4	12.3	17.4	5.2	47.9	7.6	39999.5
DOW JONES INDUSTRIALS							115.59	2369.18	3.9	25.0	20.5	2.8			
STANDARD & POOR'S 500							15.14	301.64	3.7	24.6	19.9	2.8			
DOW JONES UTILITIES							14.01	221.33	1.8	7.4	15.8	7.2			

REALTY STOCK RANKINGS

NOTES TO COMPARATIVE STATISTICS - PAGES 6-8

REALTY STOCK REVIEW has developed its exclusive Rankings of real estate stocks to indicate how each stock stands fundamentally in terms of its past, present and future. Rankings from "A" (highest) to "E" (lowest), shown in the first column in the statistical tables, are assigned based on:

(1) Earnings and dividend growth and stability over the past five years (the past - roughly 40%); Companies with over two but less than five years of operations score lower here, hence have lower overall Rank.

(2) Financial measures including leverage and liquidity and match of asset/liability maturities in the balance sheet (the present - about 40%); and

(3) Exposure to outside economic and competitive forces and management's ability to control its business destiny thru leverage and planning (our subjective estimate of the future - 20%).

Being rooted in historical factual analysis, Rankings are not based upon current price and thus are not intended as recommendations. A highly-Ranked stock may become overpriced or underpriced during trading, and vice versa. Rankings are given without regard to whether the entity subscribes to RSR. Other entries in the Ranking column denote:

--An asterisk (*) denotes stocks which cannot be ranked because of insufficient (generally less than two years) operating history in present form, or newly organized companies, or incomplete or non-comparable data.

--(Z) denotes entities which currently retain Audit or its investment banking affiliate, Campbell & Dillmeier, for specific assignments; and entities for which C&D is acting as non-retainer intermediary for a publicly announced proposed transaction.

--(L) denotes non-ranked liquidating entities.

All facts are on a per-share basis except computed ratios and market values. Each stock is classed in an industry group, numbered as in the Comparative Group Average Table on Page 8. Only historical data, or annualizations, are used; earnings are not estimates.

Annualized Dividend and Yield: The latest quarterly (or monthly) payout multiplied by 4 or 12. Since REITs must pay out 95% of EPS to be exempt from Federal income taxes, REIT dividends may vary.

Earnings and Price/Earnings Ratio: Computed from the latest (trailing) 12 months' earnings per share, except for cash flow companies. Cash flow entities, denoted with symbol "4" after their name, are those for whom net cash flow is the most meaningful measure of results. Net cash flow (defined as net income plus depreciation and partnership payments less mortgage amortization) on a per share basis (CFS) is used in place of earnings. Accumulated depreciation is added to historic book value for consistency.

Book value per share is tangible net worth after deducting intangibles (unamortized debt discount and expenses, etc.) for all companies except the following: INTANGIBLES PER SHARE (MAINLY GOODWILL) NOT DEDUCTED ARE: Amrep/\$1.18; Hallwood Group/\$1.15; Landmark Land/\$14.46; Johnstown Am./\$9.01; Security Cap./\$23.70; Vyquest/\$2.08; Americanc Inv./\$3.02; Integrated Res./\$5.05; Reading/\$1.99; Equitec/\$6.15; Lomas Fincl./\$7.92; Grubb & Ellis/\$4.28; Burger King/\$5.79; Ryland/\$3.03. Book value does not reflect asset value appreciation, for which see Appraised Value table, p. 5.

SYMBOLS & ABBREVIATIONS

New EPS or dividend: U=UP, D=DOWN, S=UNCHANGED, I=INITIAL.
= Net Cash Flow; See above definition, @ Gross Cash Flow.
Last bid prices are shown for over-the-counter stocks.
P=Paired stock. \$=Appraised value reported; see p. 5.
F = Finite life REIT. LP = Limited partnership.